

Q 35597

K
92-2244

92068648

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549BEST COPY
AVAILABLE

027333

FORM 10Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OF 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period Ending: January 31, 1992

Commission File Number: 0-17623

Database Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware

02-0429620

(State of other jurisdiction of
incorporation or organization)(I.R.S. Employer
Identification No.)

390 D.W. Highway South, Suite 5, Bedford, NH

03110

(Address of principal executive offices)

(Zip Code)

(603) 641-5201

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[x] Yes [] No

Number of shares outstanding of the issuer's classes of
common stock, as of January 31, 1992:

Common stock \$.001 par value 2,381,082

Total pages: 16

PROCESSED BY
16-16-1
MAR 12 1992

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

DATABASE TECHNOLOGIES, INC.

FORM 10Q

JANUARY 31, 1992

PART I: FINANCIAL INFORMATION

ITEM 1 - Financial Statements

(following pages)

DATABASE TECHNOLOGIES, INC.

BALANCE SHEET

JANUARY 31, 1992

	JANUARY 31, 1992 (Unaudited)	APRIL 30, 1991 (*)
A S S E T S		
CURRENT ASSETS:		
Cash	\$ 10,144	\$ 3,878
Accounts Receivable		
-trade (Note 8)	2,329	4,040
(less allowance for doubtful accounts)		
-Pathfinder (Note 2)	0	0
Notes receivable	0	0
-Pathfinder (Note 2)		
Prepaid expenses	1,305	83
Total current assets	13,778	8,001
PROPERTY AND EQUIPMENT (NOTE 1);		
Equipment, Furniture & Fixtures	7,069	7,069
Less: Accumulated depreciation	6,401	3,601
Net property and equipment	668	3,468
OTHER ASSETS:		
Other assets	151	850
Organization costs, net of accumulated amortization (Note 1)	2,072	2,892
Net other assets	2,223	3,742
Total assets	\$ 16,669	\$ 15,211

Continued -1

DATABASE TECHNOLOGIES, INC.

BALANCE SHEET

JANUARY 31, 1992

	JANUARY 31, 1992 (Unaudited)	APRIL 30, 1991 (*)
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Notes Payable		
- officer/stockholder (Note 2)	\$ 70,339	\$ 92,238
Accounts payable		
- trade	566	16,738
- related parties (Note 2)	18,820	18,820
- shareholder	0	20,351
Accrued expenses	0	368
Unearned income on contract	13,398	0
Capital lease obligation	0	699
Total current liabilities	103,123	149,214
Commitments and Contingencies (Note 7)	0	8,605
STOCKHOLDERS' EQUITY (Note 6)		
Common stock-par value \$0.001 authorized 2,500,000 shares, 2,381,082 issued	2,381	2,381
Additional paid-in capital	12,154	12,154
Accumulated Deficit	(134,327)	(157,143)
Total stockholders' equity	(119,792)	(142,608)
Total liabilities and stockholders' equity	16,669	15,211

The accompanying notes to financial statements are an integral part of this statement.

Concluded -2

(*) Condensed from the Company's audited financial statements.

DATABASE TECHNOLOGIES, INC.

STATEMENT OF INCOME

THREE MONTHS ENDING JANUARY 31, 1992
and
NINE MONTHS ENDING JANUARY 31, 1992

	Three Months Ending Jan. 31, 1992 (Unaudited)	Three Months Ending Jan. 31, 1991 (Unaudited)	Nine Months Ending Jan. 31, 1992 (Unaudited)	Nine Months Ending Jan. 31, 1991 (Unaudited)
REVENUE (note 6)	\$ 76,968.	\$ 37,577.	\$ 194,569.	\$ 93,218.
COST OF REVENUE	<u>43,802.</u>	<u>12,989.</u>	<u>79,436.</u>	<u>31,797.</u>
Gross profit	<u>33,166.</u>	<u>24,588.</u>	<u>115,133.</u>	<u>61,421.</u>
OPERATING EXPENSES				
Selling & Delivery	16,100.	10,806.	37,463.	42,073.
General & Admin.	<u>12,025.</u>	<u>13,478.</u>	<u>48,322.</u>	<u>44,692.</u>
Total operating expenses	<u>28,125.</u>	<u>24,284.</u>	<u>85,785.</u>	<u>86,765.</u>
Profit(loss) from Operations	<u>5,041.</u>	<u>304.</u>	<u>29,348.</u>	<u>(25,344)</u>
OTHER INCOME (EXPENSE)				
Interest Expense	(2,635)	(3,966)	(7,907)	(10,607)
Other Income	<u>1,375.</u>	<u>0</u>	<u>1,375.</u>	<u>0</u>
Net Expense	<u>(1,260)</u>	<u>0</u>	<u>(6532)</u>	<u>0</u>
NET PROFIT (LOSS) before income taxes (Note 4)	3,781.	(3,662)	22,816.	(35,951)
NET INCOME (LOSS)	<u>\$ 3,781.</u>	<u>\$ (3,662)</u>	<u>\$ 22,816.</u>	<u>\$(35,951)</u>
NET PROFIT (LOSS) PER SHARE (Note 9)	<u>\$.0016</u>	<u>(\$.003)</u>	<u>\$.0096</u>	<u>(\$.03)</u>

The accompanying notes to financial statements
are an integral part of this statement.

DATABASE TECHNOLOGIES INC.
STATEMENT OF STOCKHOLDERS' EQUITY
NINE MONTHS ENDING JANUARY 31, 1992

	Common Stock Shares	Amount	Additional Paid-in Capital	Retained Earnings	Total
BALANCE AT April 30, 1991	2,381,082	\$2,381	\$12,154	(157,143)	(142,608)
Net Profit				22,816	22,816
BALANCE AT Jan. 31, 1992	<u>2,381,082</u>	<u>2,381</u>	<u>12,154</u>	<u>(134,327)</u>	<u>(119,792)</u>

The accompanying notes to financial statements
are an integral part of this statement.

DATABASE TECHNOLOGIES, INC.

STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDING JANUARY 31, 1992
and
FOR THE NINE MONTHS ENDING JANUARY 31, 1992

	Three Months Ending Jan. 31, 1992 (Unaudited)	Three Months Ending Jan. 31, 1991 (Unaudited)	Nine Months Ending Jan. 31, 1992 (Unaudited)	Nine Months Ending Jan. 31, 1991 (Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES;				
Net Income (Loss)	\$ 3,781	\$ (3,662)	\$ 22,816	\$ (35,951)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation & Amortization	2,000	550	2,800	1,650
(Increase) Decrease in the following:				
Assets:				
Accounts Receivable				
Trade	1,619	969	1,711	4,380
Affiliates	291	0	219	2,693
Prepaid expense	(1,222)	0	(1,222)	0
(Decrease) Increase in the following liabilities:				
Accounts payable:				
Trade	(1,732)	(4,150)	(14,539)	(673)
Stockholder	(10,766)	0	(26,465)	89
Deferred revenue	13,398	(1,014)	49,565	(1,708)
Accrued Expenses				
-stockholder	0	13,971	0	40,386
Net cash used in Operating Activities	6,605	6,664	30,800	8,624

Continued -1

DATABASE TECHNOLOGIES, INC.

STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDING JANUARY 31, 1992
and
FOR THE NINE MONTHS ENDING JANUARY 31, 1992

	Three Months Ending Jan. 31, 1992 (Unaudited)	Three Months Ending Jan. 31, 1991 (Unaudited)	Nine Months Ending Jan. 31, 1992 (Unaudited)	Nine Months Ending Jan. 31, 1991 (Unaudited)
CASH FLOWS FROM				
INVESTING ACTIVITIES:				
Payments on lease receivable	0	58	0	1,028
Capital expenditures	0	(2,569)	0	(2,569)
Net cash used in investing activities	0	(2,501)	0	(1,541)
CASH FLOWS FROM				
FINANCING ACTIVITIES:				
Payment Note Payable -officer/stockholder	0	0	(21,899)	0
Payment of interest	(2,635)	0	(2,625)	0
NET INCREASE (DECREASE) IN CASH	3,430	4,179	6,266	6,384
CASH, Beginning of period	6,714	2,532	3,878	327
CASH, End of Period	10,144	6,711	10,144	6,711

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

CASH PAYMENTS FOR:

Interest	2,635	0	2,635	0
Income taxes	0	0	0	0

SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING ACTIVITIES

Issuance of common stock in exchange for services	0	0	0	10,000
---	---	---	---	--------

The accompanying notes to financial statements are an integral part of this statement.

Concluded-2

Database Technologies, Inc.
Notes To Financial Statements
April 30, 1991

1. Summary Of Significant Accounting Policies:

Background:

Database Technologies, Inc. ("the Company") was incorporated under the laws of the State Of Delaware on November 4, 1988. The Company operates a computerized database containing current prices of certain electronic merchandise from various vendors. The Company provides this information to assist insurance company adjusters in processing claims. The Company's principal source of revenue is licensing fees obtained from various insurance companies for the use of the database.

Depreciation And Amortization:

Property And Equipment: Property and equipment are recorded at cost. Depreciation and amortization are computed on the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Equipment, Furniture And Fixtures	5

Costs of maintenance and repairs are charged to expense while costs of significant renewals and betterments are capitalized.

Organization Costs:

Organization Costs are being amortized on a straight line method over a period of five years. Accumulated amortization as of April 30, 1991 is \$ 2892.

Income Taxes:

No provision for income taxes has established due to accumulated loss in the prior year and the current year. The company has elected to carry any accumulated losses forward.

<u>Fiscal Year</u>	<u>Year carryforward Expires</u>
1990	2005
1991	2006

Database Technologies, Inc.
Notes to Financial Statements
April 30, 1991

2. Related Party Transactions:

Affiliates:

The Company is affiliated with Pathfinder Data Group, Inc. ("PDG") through common ownership (Note). Accordingly, the Company is associated with the wholly-owned subsidiary of PDG, namely Pathfinder Database, Inc. ("PDB").

The following is a summary of significant transactions and events:

On December 8, 1988, PDG assigned all of the rights and obligations associated with the database and the related software to the Company.

On June 30, 1989, PDB filed a petition for reorganization under Chapter 11 of the Bankruptcy Code. This petition was changes to a filing for liquidation under Chapter 7 of the Bankruptcy Code.

As of April 30, 1990 PDG continued in existence, however, it had effectively ceased operations.

The Company's balance sheet includes the following related party balances as of April 30, 1990

Accounts Receivable PDG	\$ 45,000
Allowance For Bad Debts	<u>45,000</u>
	\$ -0-
Accounts Payable - PDB	\$ 4,468
Accounts Payable - PDG	<u>14,352</u>
	<u>\$ 18,820</u>

Notes Payable - Shareholder:

The notes payable to shareholder of \$ 92,238 are unsecured and bear interest at a rate of 14% per annum. The accounts payable to shareholder are unsecured and bear no interest rate.

Notes Payable - Shareholder	\$ 92,238
Accounts Payable - Shareholder	<u>20,351</u>
	<u>\$112,589</u>

Capital Lease:

The Company leases certain computer equipment from the principal shareholder of the Company for \$ 179 per month. This has been recorded as a capital lease as follows:

Equipment	\$ 4,545
Less: Accumulated Amortization	<u>2,403</u>

The following is a schedule of future minimum lease payments under the above capital lease, together with the present value of the net minimum lease payments for the year ended April 30, 1992.

Minimum Lease Payment	\$ 716
Amount Representing Interest	<u>17</u>
Present Value Of Net Minimum Lease Payments	699

Database Technologies, Inc.
Notes To Financial Statements
April 30, 1991

3. Net Investment In Lease:

The Company leases computers to insurance companies under sales type leases. The leases run from one year to and eighteen months in length. The last lease expires in February 1992. The total of lease payments received in the current fiscal year was \$ 7,475. Of this amount \$ 3,000 represents unearned income.

4. Income Taxes:

No provision for income taxes has established due to accumulated loss in the prior year and the current year. The company has elected to carry any accumulated losses forward.

<u>Fiscal Year</u>	<u>Year carryforward Expires</u>
1990	2005
1991	2006

5. Common Stock:

The Company is authorized to issue two million five hundred thousand (2,500,000) shares of common stock. The par value of each share is \$.001.

On July 7, 1989, the Company issued 2,281,192 shares of common stock at par to the Pathfinder Data Group, Inc.'s shareholders of record as of June 9, 1989. The financial statements of the Company reflect the issuance of these shares as of April 30, 1989 as if the shares had been issued at that date and not the effective date of the issuance. The retroactive treatment of the common stock issuance is not in accordance with generally accepted accounting principles.

On July 7, 1990 the company issued 100,000 shares of common stock at \$.01 per share for a total of \$10,000. These shares were issued in consideration for marketing services by an individual.

6. Major Customers:

No customer accounted for more than 10% of total revenue during the year ended April 30, 1991.

7. Commitments & Contingencies:

Lease

On November 19, 1989, the Company entered into an agreement to lease office space at \$ 450 per month for a period of 24 months. The cost of this lease for the year ended April 30, 1991 was \$ 5,400.

7. Commitments & Contingencies (Continued):

Petition For Attachment

In May 1990, a petition of judgement was filed against PDB, PDG, and the Company to satisfy a judgement against these companies in the amount of \$ 72,000 for certain unpaid professional fees.

Management of the Company contests the validity of this attachment of the Company's assets, alleging that the Company was not a party to the contract for professional services.

Based on the above uncertainties and the inability to determine the true liability of the Company, if any, no provision has been made to provide for this liability, if any, in the Company's financial statement at april 30, 1991.

On June 10, 1991 Motion For Summary Judgement was filed against the Company for unpaid professional fees in the amount of \$ 8,605. These fees are unrelated to the above attachment. A liability has been recorded on the Company's books for the full amount of these fees.

8. Going Concern:

The Company incurred a net loss of \$ 146,533 for the year ended April 30, 1990 and \$ 27,617 for the year ended April 30, 1991. As of April 30, 1991 liabilities exceeded assets by \$ 142,608. These factors indicate that the company may be unable to continue as a going concern.

The Company's ability to achive profitability is uncertain. These financial statements do not contain any adjustments to the carrying value of assets and the classification of liabilities should the Company be unable to continue in existance.

9. Loss Per Share

The loss per common share for the year ended April 30, 1991 has been computed based on the weighted average number of shares outstanding of 2,381,082.

DATABASE TECHNOLOGIES, INC.

FORM 10-Q

JANUARY 31, 1992

PART I: FINANCIAL INFORMATION

ITEM 2- Management's Discussion and Analysis of Financial Condition and Results of Operations.

Revenues

The Registrant's revenues for the third quarter ended January 31, 1992 were double the revenues for the same quarter the prior year. In addition the revenues for the nine month period ended January 31, 1992 were over double the revenues for the same period the prior year. This increase in revenues reflects the new installations of database systems during the period.

The cost of revenue for the third quarter ended January 31, 1992 increased by almost \$31,000. over the same quarter the prior year and the cost of producing this revenue rose to 57% of revenues from 35% of revenues for the prior year quarter, or a 22% increase in cost. For the nine months ended January 31, 1992 the cost of revenue increased to 41% from 34% for the same nine month period the prior year. An indication as systems were installed in the the third quarter the customer support costs of producing those revenues increased.

Operating Expenses

The Registrant's total operating expenses in the quarter ended January 31, 1992 were \$28,125 as compared to the prior year quarter of \$24,284. An analysis of the two components however saw a shift with selling and delivery increasing by \$5300. and general an administrative expenses decreasing by \$1,400. This reflects a slight increase in the cost of producing and delivering the systems and the additional time and selling effort was expended in prospecting for new business.

For the nine months ended January 31, 1992 total operating expenses decreased by \$1,000. over the same period the prior year but most of this was attributed to reductions in expenses occurring in the first quarter of the current fiscal period.

For the current quarter ended January 31, 1992 the Registrant realized a profit after interest expense of \$3,781 and when compared to the same quarter the prior year which reported a loss of (\$3,662.) represents the new installation revenues that are being generated. The nine month period ended January 31, 1992 also produced a profit of \$12,816. as compared to a loss for the same nine months of the prior period of (\$35,951). The Registrant is anticipating this trend will continue during the current fiscal year.

Income Tax

No provision for Federal or State corporate income taxes has been made due to the tax loss carryforward from prior tax years.

Liquidity and Capital Resources

The Registrant is of the opinion the new revenues currently being generated will reduce the liquidity crunch that has been a problem for Management. The proceeds from cash flow generated by operations are being applied to the reduction of corporate indebtedness and accounts payable. Management is of the opinion expansion will not be on the agenda in the near term until debt reduction has been accomplished and that expansion can be funded from existing cash flow. The capital markets and the current economic climate do not lend to aggressive expansion.

DATABASE TECHNOLOGIES INC.

FORM 10-Q

JANUARY 31, 1992

PART II: OTHER INFORMATION

ITEM 1 - Legal Proceedings

None.

ITEM 2 - Changes in Securities

None.

ITEM 3 - Defaults Upon Senior Securities

None.

ITEM 4 - Submission of Matters to a Vote of Security Holders

None.

ITEM 5 - Other Information

Not applicable.

ITEM 6 - Exhibits and Reports on Form 8-K

a. Exhibits

None

b. Reports on Form 8-K

None

DATABASE TECHNOLOGIES, INC.

FORM 10-Q

JANUARY 31, 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATABASE TECHNOLOGIES INC.

(Registrant)

MAR 3 1992

(Date)

(Signature)

Allan S. Wolfe:
Chairman of the Board, President,
Chief Executive Officer, Chief
Financial Officer, and a Director